

Message Text

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ACTION ARA-06

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FM AMEMBASSY GEORGETOWN
TO SECSTATE WASHDC 4680
INFO AMEMBASSY BRIDGETOWN
AMEMBASSY KINGSTON
AMEMBASSY PORT OF SPAIN

C O N F I D E N T I A L GEORGETOWN 1031

LIMDIS

E.O. 11652: GDS
TAGS: PFOR, GY
SUBJECT : BURNHAM ON NORTH/SOUTH DIALOGUE AND ECONOMIC
ASSISTANCE

REF: GEORGETOWN 1025

SUMMARY: BURNHAM EXPRESSED PESSIMISM ON THE NORTH/SOUTH
TALKS DURING MAY 17 MEETING WITH ME AND INQUIRED CONCERNING THE
STATUS OF GUYANA'S REQUESTS FOR US ASSISTANCE AND THE
TERMINATION OF THE US-GUYANA AIR BASE AGREEMENT. I REPLIED
THAT THE DEPARTMENT WAS CONSIDERING GUYANA'S REQUESTS BUT
THAT I HAD NO REPLY YET. IN ANSWER TO HIS QUERY, I REPLIED
THAT THE DELAY IN A USG RESPONSE DID NOT HAVE ANY SPECIAL
SIGNIFICANCE. BURNHAM EMPHASIZED THE STRINGENT FISCAL
MEASURES HIS GOVERNMENT HAD INSTITUTED AND URGED THAT THE USG
ENCOURAGE THE IMF TO BE HELPFUL. AS USUAL, HE COMPLAINED OF
THE TIME IT TAKES TO GET ASSISTANCE. BURNHAM APPEARED IN A
GOOD MOOD AND WAS FRIENDLY. END SUMMARY.

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1. DURING OUR MEETING MAY 17 AND AFTER DISCUSSING THE
ILO MATTER, BURNHAM COMMENTED THAT NORTH/SOUTH DISCUSSIONS
APPEARED STALEMATED. I RETORTED I DID NOT HAVE THAT
IMPRESSION AT ALL. THE UNITED STATES POSITION WAS QUITE
REASONABLE AND THAT FURTHER EVOLUTION ON BOTH SIDES
MIGHT BE EXPECTED AS THE DISCUSSIONS PROGRESSED. HE
THEN SAID THAT THE POSITION OF WEST GERMAN CHANCELLOR

SCHMIDT APPEARED TO BE A MAJOR STUMBLING BLOCK AND THAT THE UNITED STATES HAD MOVED TOWARD HIS POSITION. I REPLIED THAT I THOUGHT THERE MIGHT HAVE BEEN SOME US MOVEMENT DURING THE RECENT SUMMIT CONCERNING THE ISSUE OF WHETHER INFLATION OR UNEMPLOYMENT WAS THE MAJOR PROBLEM IN THE WESTERN DEMOCRACIES BUT THAT DID NOT MEAN THAT THE NORTH/SOUTH DIALOGUE WOULD BE STALEMATED.

2. BURNHAM THEN ASKED WHETHER I HAD ANY NEWS ON THE GOG REQUEST FOR BUDGETARY SUPPORT AND DEVELOPMENT ASSISTANCE. I REPLIED NEGATIVELY. HE ASKED WHAT I THOUGHT CHANCES WERE THAT GUYANA WOULD RECEIVE BUDGETARY SUPPORT. I SAID THAT HELP OF THE MAGNITUDE FONMIN WILLS HAD MENTIONED SEEMED TOTALLY OUT OF THE BALLPARK AND THAT NORMALLY THE US FINDS IT EASIER TO PROVIDE DEVELOPMENT ASSISTANCE FOR SPECIFIC PROJECTS. HE REPLIED THAT HE UNDERSTOOD THAT AND HAD SUSPECTED THAT THE US WOULD NOT BE ABLE TO HELP IN ANY MAJOR WAY. HE WONDERED WHETHER THE DELAY IN A RESPONSE MEANT THAT PART OF THE REQUEST WOULD BE GRANTED. I REPLIED THAT I DOUBTED THAT THE DELAY IN RESPONSE HAD ANY SPECIAL SIGNIFICANCE.

3. BURNHAM THEN ASKED THAT THE USG URGE THE IMF TO PROVIDE BALANCE OF PAYMENTS ASSISTANCE, AND EMPHASIZED THAT THE GOG HAD BEEN EXERCISING GREAT DISCIPLINE IN MANAGING ITS ECONOMY. IT HAD SLASHED IMPORTS DRASTICALLY AND ITS 1977 BUDGET WAS 30 PERCENT LESS THAN ITS 1976 BUDGET. THE POLITICAL COSTS WERE SIGNIFICANT BUT HE WAS HOPEFUL, HE SAID, THAT THE LENDING NATIONS AND INSTITUTIONS WOULD

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RECOGNIZE THE SERIOUS EFFORTS THAT THE GOG WAS MAKING TO CONTROL AND EMERGE FROM ITS ECONOMIC CRISIS. HE SAID THAT THE NEXT FEW MONTHS WOULD BE CRUCIAL; AFTER THAT, GUYANA'S NORMAL PRODUCTION PLUS STRICT CONTROLS WOULD ENABLE THE ECONOMY TO PULL THROUGH.

4. BURNHAM DISCUSSED AT LENGTH THE UPPER MAZARUNI HYDRO-ELECTRIC PROJECT. MUCH OF WHAT HE SAID WAS A REPETITION OF PREVIOUS JUSTIFICATIONS FOR THE PROJECT. HE CLAIMED THAT IF LOANS COULD BE PROVIDED FOR THAT PROJECT, GUYANA WOULD NEVER AGAIN BE FORCED TO BEG FOR MONEY. THE ECONOMIC ACTIVITY AND THE ENERGY PROVIDED WOULD ENABLE GUYANA TO EXPAND AGRICULTURE AND DEVELOPMENT INDUSTRIES. HE EXPRESSED CONSTERNATION THAT THE WORLD'S FINANCIERS COULD NOT SEE THAT, IN A WORLD WITH EVER-INCREASING NEEDS AND DIMINISHING SUPPLIES OF ENERGY, A LARGE HYDRO-ELECTRIC PROJECT SUCH AS GUYANA WAS TRYING TO BUILD WOULD BE OF BENEFIT TO THE ENTIRE REGION.

5. BURNHAM BROUGHT THE SUBJECT BACK TO THE AID PROGRAM, SAYING HE HAD BEEN READING THE STATEMENTS THAT CARTER ADMINISTRATION OFFICIALS HAD BEEN MAKING AND HE THOUGHT THAT GUYANA'S PROGRAMS IN AGRICULTURE, RURAL HEALTH AND INFRASTRUCTURE SHOULD BE IDEALLY SUITED TO THE US PROGRAM GOALS. THE GOG'S EXPENDITURES WERE FOCUSED ON RAISING THE LEVEL OF ITS POOR PEOPLE AND ON CREATING A NATIONAL ECONOMY WHICH DISTRIBUTED BENEFITS FAIRLY. I RESPONDED THAT MY PERSONAL IMPRESSION WAS THAT IF GUYANA CONTINUED TO DEMONSTRATE THAT IT WANTED GOOD RELATIONS WITH THE US, I THOUGHT THAT THE US COULD ASSIST GUYANA, BUT WE SHOULD AWAIT AN ANSWER FROM WASHINGTON.

6. BURNHAM THEN COMMENTED THAT RICH AND POWERFUL NATIONS MOVED VERY SLOWLY. HE HOPED THAT HE WOULD SURVIVE LONG ENOUGH TO SEE THE ASSISTANCE.

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7. BURNHAM INQUIRED CONCERNING THE REQUEST TO TERMINATE THE AIR BASE AGREEMENT AND I RESPONDED THAT THE MATTER WAS BEING STUDIED. HE SAID THE OPENING OF THE ELECTION CAMPAIGN MADE THE TERMINATION OF THE BASE AGREEMENT AN IMPORTANT MATTER. HE SAID HE HOPED THAT THE MATTER COULD BE SETTLED QUIETLY BEFORE IT BECAME AN ISSUE IN THE ELECTION CAMPAIGN.

5. COMMENT: BURNHAM LOOKED WELL AND ALERT. HE APPEARED RELAXED AND WAS FRIENDLY AND EVEN THE OCCASIONAL BARBS HE TOSSED OUT WERE DONE IN A LIGHT, JOKING MANNER. NEVERTHELESS, HE WAS SERIOUS ABOUT HIS IMMEDIATE NEED FOR FINANCIAL AND DEVELOPMENTAL ASSISTANCE, AND HIS DETERMINATION TO BUILD THE MAZARUNI HYDRO-ELECTRIC SCHEME APPEARS NOT TO HAVE WANED, EVEN IF THE FINANCIAL RESOURCES ARE NOT AVAILABLE. BLACKEN

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